United Nations A/C.5/73/SR.13

General Assembly
Seventy-third session
Official Records

Distr.: General
11 December 2018
Original: English

Fifth Committee

Summary record of the 13th meeting
Held at Headquarters, New York, on Thursday, 8 November 2018, at 10 a.m.

Chair: Ms. Bird ..... (Australia)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

Contents

Agenda item 136: Programme budget for the biennium 2018–2019 (*continued*)

Capital master plan

Revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its 2018 session

This record is subject to correction.

Corrections should be sent as soon as possible, under the signature of a member of the delegation concerned, to the Chief of the Documents Management Section (dms@un.org), and incorporated in a copy of the record.

Corrected records will be reissued electronically on the Official Document System of the United Nations (http://documents.un.org/).

18-18909 (E)

Please recycle

The meeting was called to order at 10.05 a.m.

Agenda item 136: Programme budget for the biennium 2018–2019 (*continued*)

Capital master plan (A/73/5 (Vol. V), A/73/317 and A/73/468)

1. **Mr. Saunders** (Assistant Secretary-General for Central Support Services), introducing the Secretary-General's sixteenth annual progress report on the capital master plan (A/73/317), said that, since the presentation of the fifteenth annual progress report (A/72/294) at the General Assembly's seventy-second session, following the final completion of all construction, punch-list and commissioning work for the project as at August 2017, all administrative tasks required to close out project contracts had been completed by March 2018, with the exception of a number of invoice payments subject to the resolution of two ongoing arbitration cases brought by the construction management company. The Office of Legal Affairs, with the help of outside counsel, was vigorously defending the Organization's interests in those matters.

2. The costs of all construction and close-out activities were being met from within the existing approved resources for the project, and its financial position remained consistent with the projection presented in the annual progress report the previous year. The total approved funding and the final cost of completion for the project amounted to $2,150.4 million, comprising appropriations for the original project scope of $1,876.7 million, donations of $14.3 million, interest income and the plan's working capital reserve amounting to $159.4 million, and funding of $100 million for enhanced security upgrades.

3. Substantial benefits had been realized from the capital master plan. Energy consumption in 2017 was 55 per cent below the baseline levels recorded in 2006, prior to the plan's implementation. Although energy consumption levels depended in part on variations in weather patterns, data collected for the first six months of 2018 indicated that the level of energy use in 2018 was likely to be consistent with that recorded in 2017. The Organization was a party to two arbitration cases

4. In March and April 2018, the Board of Auditors had conducted an audit of the capital master plan for the financial year ended 31 December 2017 and had outlined its findings in its related report (A/73/5 (Vol. V)). The Board had made a number of recommendations for improvements, all of which had been accepted, and work was under way on their implementation. During its audit, the Board had also closed 4 recommendations from previous audits; 12 recommendations from prior reporting periods remained under implementation. Drawing on the findings of the Secretary-General's report (A/73/317), the Board had concluded in its report (A/73/5 (Vol. V)) that the capital master plan provided a newly renovated facility that was accessible to all individuals, energy-efficient, free of hazardous materials and compliant with the building, fire and safety codes of the host city, and that met all reasonable, modern-day security requirements.

5. **Ms. Sen** (Chair of the Audit Operations Committee of the Board of Auditors), introducing the report of the Board of Auditors on the capital master plan for the year ended 31 December 2017 (A/73/5 (Vol. V)), said that the capital master plan was a complex, high-value project to modernize, secure and preserve the architecture of the 1950s campus and to improve the operating efficiency of Headquarters without compromising day-to-day operations. The anticipated final cost of the project, which had been approved by the General Assembly in 2002, was $2.3 billion. The report mainly focused on the financial status of the project, the project schedule and management of the Headquarters campus.

6. The construction work had been completed by September 2017, and administrative closure of the project, including of all related contracts, was expected to be concluded by 31 December 2017. The main contractor had filed two notices of arbitration against the United Nations seeking indemnification in the event that it was required to settle substantial claims from its subcontractors. If the claims against the Organization were upheld, the final project cost would increase by the settlement amount. The Administration had therefore delayed the closure of the capital master plan account until the arbitration proceedings were concluded.

7. The preventive maintenance module of the Umoja enterprise resource planning system had been implemented in October 2017 for all mechanical, electrical and plumbing equipment installed as part of the capital master plan and for selected legacy systems. The Board had noted that, as no business intelligence report had been developed for maintenance actions in the module, that report had had to be generated manually, which had been time-consuming.

8. A physical verification of project assets had been conducted in 2017. Of the 1,555 physically verified assets, the Administration had been unable to locate 266 assets, or 17.11 per cent, representing an acquisition value of $4.68 million. The Administration had informed the Board that, as at March 2018, 99 assets had still not been located and 25 assets were in the process of being written off. Moreover, the Board had noted that

a registry for declaring works of art and other gifts received by the United Nations from governmental and non-governmental sources was not being maintained, as requested in General Assembly resolution 63/270, and that annual physical verifications of those assets were not being conducted.

9. Of the 16 outstanding recommendations contained in the Board's reports, 4 had been implemented and 12 were under implementation.

10. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/73/468), said that the Advisory Committee noted that the administrative closure of the capital master plan project could not be finalized until the arbitration cases had been concluded.

11. The Advisory Committee stressed the need for upfront, sound and comprehensive design and project planning, as well as monitoring of the full and timely application of construction guidelines, in order to minimize the number and scope of change orders in respect of project contracts and to avoid cost escalation and delays. With regard to benefits realization, the Advisory Committee recommended that energy usage continue to be monitored and optimized, and that information on actual efficiency gains continue to be included in future progress reports.

12. The Advisory Committee trusted that the findings of the recent accessibility review of the Headquarters premises and an update on the accessibility improvements made would be provided to the General Assembly. The Advisory Committee had made further comments in that regard in its report on the pattern of conferences (A/73/458).

13. The Advisory Committee stressed the need to maintain an updated registry of works of art and other gifts received by the United Nations and to carry out annual physical verifications of those assets, as recommended by the Board of Auditors. Lastly, the Advisory Committee emphasized the need to implement the recommendations of the Board of Auditors expeditiously.

14. **Mr. Ahmed** (Egypt), speaking on behalf of the Group of 77 and China, said that the Group supported efforts to modernize all United Nations facilities and improve their operating efficiency. The lessons learned and best practices identified from the capital master plan, the Organization's largest and most comprehensive construction and renovation project, should guide the implementation of ongoing and planned construction projects and ensure optimal use of available resources.

15. The Group attached great importance to the issue of accessibility and took note of the survey conducted in 2017 on the effectiveness of the accessibility features introduced as part of the capital master plan. It commended the progress achieved in addressing gaps in that regard and welcomed the improvements made, in particular in the General Assembly Hall. The Group looked forward to examining the results of the accessibility review of the Headquarters premises.

16. While reductions in energy consumption remained consistent with the target of 50 per cent established under the capital master plan, there had been a measurable decrease in the reductions achieved between 2016 and 2017. The Group welcomed the operationalization of the Energy Dashboard and Reporting Tool, which could be used to monitor energy consumption at the individual floor or building level. The Tool should be fully utilized to further reduce energy consumption wherever possible.

17. Given the significant cost of the project, the establishment of an efficient and effective maintenance mechanism was imperative. The Group took note of the implementation of the Umoja preventive maintenance module and of the challenges encountered by the Secretariat in collecting data related to maintenance actions. It would seek clarification regarding the impact of those challenges on the Administration's ability to take informed preventive measures.

18. Noting the progress made with regard to the administrative closure of the project, the Group would seek further information on the basis for the arbitration notices filed by the main contractor against the United Nations, as well as on their impact on the final project cost in the event that the claims against the Organization were upheld. The Group also commended the Secretariat for its commitment to fully implementing the recommendations of the Board of Auditors and looked forward to receiving a comprehensive update on the status of their implementation.

Revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its 2018 session (A/73/400 and A/73/478)

19. **Mr. Ramanathan** (Acting Controller), introducing the Secretary-General's report on revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its 2018 session (A/73/400), said that the report provided information on the budgetary impact of Economic and

Social Council resolution 2018/19, entitled "Ad Hoc Advisory Group on Haiti," and of Council decision 2018/239 relating to United Nations Forum on Forests resolution 13/1 on the outcome of the Forum's thirteenth session. The resource requirements arising from the adoption of that resolution and decision, amounting to $69,200 for 2019 and $282,900 for 2020 and 2021, would be covered from within the approved budget level for 2018–2019 under section 9, Economic and social affairs, and from within the overall resources that would be made available under section 9 for 2020 and 2021. No additional resources were therefore being requested.

20. The report also included information on the proposed restructuring of the Economic Commission for Africa and the related proposed reorganizing, realigning and reprofiling of resources in accordance with the new strategic directions of the Commission, which had been endorsed by the Economic and Social Council. The resource requirements arising from those changes would be met within the overall approved budget level for 2018–2019 under section 18A, Regional commission in Africa. No additional resources were therefore being sought. The General Assembly was requested to approve the proposed restructuring of the Commission, including the related redistribution of posts and non-post resources; the reorganizing, realigning and reprofiling of resources under the subprogramme structure outlined in the Commission's new strategic directions; the abolishment of seven posts; the establishment of seven new posts; and the reclassification of one post from the P-5 level to the P-4 level.

21. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/73/478), said that the Advisory Committee did not object to the Secretary-General's proposal to cover the amount of $69,200 arising from the adoption of Economic and Social Council resolution 2018/19 and decision 2018/239 from within the approved budget level for 2018–2019 under section 9; and to cover the amount of $282,900 from within the overall resources that would be made available under section 9 for 2020 and 2021.

22. The Advisory Committee also did not object to the proposal to realign the resources for the Economic Commission for Africa in order to meet the financial requirements arising from the adoption of Council resolution 2018/23 on the Commission's new strategic directions. Moreover, the Advisory Committee recommended that the General Assembly approve the proposed restructuring of the Commission, with effect from 1 January 2019.

23. **Mr. Ahmed** (Egypt), speaking on behalf of the Group of 77 and China, said that the mandates approved by intergovernmental bodies of the United Nations must be supported by adequate funding so that the Organization had the financial and human resources required to deliver the results expected by Member States.

24. The Group noted the Secretary-General's proposals with regard to the budgetary impact of Economic and Social Council resolution 2018/19 and decision 2018/239. The Group furthermore welcomed the new strategic directions of the Economic Commission for Africa, which would help to advance the Commission's position as a premier knowledge institution on the African continent; would enable it to develop macroeconomic and structural policy options to accelerate economic diversification and job creation in Africa; would equip it to contribute solutions to regional and transboundary challenges; and would enable it to design and implement innovative financing models for infrastructure, human, physical and social assets for transforming Africa. The Group noted that the resource requirements arising from the changes reflected in the new strategic directions would be met within the overall approved budget level for 2018–2019. The Commission must be repositioned to effectively support the implementation of the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, and Agenda 2063 of the African Union.

The meeting rose at 10.30 a.m.